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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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FACING PAGE**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/2010 AND ENDING 12/31/2010
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: CME BO SERVICES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4300 N. Route 1

(No. and Street)

South Brunswick

(City)

New Jersey

(State)

07852

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - If individual, state last, first, middle name)

155 N. Wacker Drive

(Address)

Chicago

(City)

Illinois

(State)

60606

(Zip Code)

CHECK ONE:☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.**FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Richard Ciuba, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CME BD Services, Inc., as of December 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard Ciuba
Signature

President & Chief Compliance Officer
Title

Helen T. Rudich
Notary Public



HELEN T. RUDICH
NOTARY PUBLIC
STATE OF NEW JERSEY
COMM. EXP. 12/20/2011

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CME BD Services, Inc.
Financial Statements and Supplemental Information
Year Ended December 31, 2010

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Report of Independent Registered Public Accounting Firm

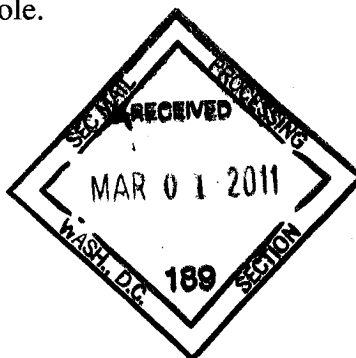
The Board of Directors and Stockholders
CME BD Services, Inc.

We have audited the accompanying statement of financial condition of CME BD Services, Inc. (the "Company") as of December 31, 2010, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CME BD Services, Inc. at December 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ernst & Young

Chicago, Illinois
February 28, 2011

CME BD Services, Inc.
Statement of Financial Condition
December 31, 2010

Assets

Cash	\$ 25,020,650
Accounts receivable, net of allowance of \$272,470	18,222,351
Due from affiliates	1,741,567
Deferred income taxes	188,575
Other assets	1,848
Total Assets	<u>\$ 45,174,991</u>

Liabilities

Due to affiliates	\$ 586,269
Other liabilities	10,606,172
Total Liabilities	<u>11,192,441</u>

Stockholder's Equity

Common stock, par value \$1 per share, authorized 1,000 shares; issued 100 shares	100
Additional paid-in capital	7,629,897
Retained earnings	26,352,553
Total Stockholder's Equity	<u>33,982,550</u>
Total Liabilities and Stockholder's Equity	<u>\$ 45,174,991</u>

See accompanying notes to the financial statements.

CME BD Services, Inc.
Statement of Income
Year Ended December 31, 2010

Licensing revenue	\$ 38,574,483
Total Revenues	<u>38,574,483</u>
General, administrative and other	<u>887,642</u>
Total Expenses	<u>887,642</u>
Operating Income before Taxes	37,686,841
Income tax provision	15,799,998
Net Income	<u><u>\$ 21,886,843</u></u>

See accompanying notes to the financial statements.

CME BD Services, Inc.
Statement of Changes in Shareholder's Equity
Year Ended December 31, 2010

	Common Stock (Shares)	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2010	100	\$	\$	\$	\$
Net income				7,417,036	11,819,314
Capital contributions	-	-	3,227,719	21,886,843	21,886,843
Cash dividends paid	-	-	-	(2,951,326)	3,227,719
					(2,951,326)
Balance at December 31, 2010	100	\$	\$	\$	\$
	100	\$	7,629,897	26,352,553	33,982,550

See accompanying notes to the financial statements.

CME BD Services, Inc.
Statement of Cash Flows
Year Ended December 31, 2010

Cash Flow from Operating Activities

Net income	\$ 21,886,843
Adjustments to reconcile net income to net cash provided by operating activities:	
Allowance for doubtful accounts	190,220
Change in assets and liabilities:	
Accounts receivable	(6,239,532)
Other assets	(1,848)
Deferred income taxes	(137,541)
Other liabilities	8,745,456
Due to (due from) affiliates	(3,996,318)
Net Cash Provided by Operating Activities	<u>20,447,280</u>

Cash Flow from Financing Activities

Capital contribution	2,500,000
Cash dividends paid	(2,951,326)
Net Cash Used in Financing Activities	<u>(451,326)</u>

Net change in cash	19,995,954
Cash, beginning of period	5,024,696
Cash, End of Period	<u><u>\$ 25,020,650</u></u>

Non-cash financing activities:

Capital contributions	\$ 727,719
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See accompanying notes to the financial statements.

CME BD Services, Inc.

Notes to the Financial Statements

December 31, 2010

1. Organization

On March 18, 2010, the Board of Trade of the City of Chicago, Inc. (CBOT) and Dow Jones & Company (Dow Jones) formed a joint venture, CME Group Index Services LLC (Index Services), to operate a global financial index services business. CBOT and Dow Jones own 90% and 10% of the joint venture, respectively. As part of the formation of the joint venture, Index Services acquired Dow Jones BD Services, Inc., which was subsequently renamed CME BD Services, Inc. (the company).

On December 19, 1997, the company was registered as a broker/dealer under the Securities Exchange Act of 1934. The company's business is limited to collecting licensing fees. It does not perform any functions typically performed by broker/dealers, such as carrying customer accounts, keeping customer money or securities, engaging in proprietary trading, acting as a dealer in a security, providing investment advice or extending credit to others for the purchase of securities. The company is a member of the Financial Industry Regulatory Authority (FINRA).

2. Summary of Significant Accounting Policies

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities as of the date of the financial statements, as well as the amounts of revenues and expenses reported during the period, and to disclose contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

Cash. Cash consists of cash on hand. The company's cash is on deposit with one financial institution. As of December 31, 2010, the company's account balances with such financial institution exceeded federally insured limits. The cash on deposit includes an account denominated in euro. Transaction gains and losses on this account are recognized in general, administrative and other expenses.

Accounts Receivable. Accounts receivable includes billed and unbilled amounts earned under licensing agreements. Revenues earned by the company but unbilled as of December 31, 2010 totaled \$12,934,675. Accounts receivable is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on historical experience, receivable aging, current economic trends, and specific identification of certain receivables that are at risk of not being paid. Historically, the write-offs of bad debts have been insignificant. The allowance for doubtful accounts included in accounts receivable at December 31, 2010 was \$272,470.

Revenue Recognition. Revenues, which are recognized on an accrual basis, represent license fees earned under license agreements entered into by the company, Index Services and third parties. These fees are attributed to and recorded by the company due to their transaction-based nature pursuant to regulatory requirements (see Note 3). These include fees based on the number of contracts traded on an exchange and fees based on the notional value of structured products issued by licensees.

Expenses. General, administrative and other expense includes allocated expenses for accounting, facilities and related support provided to the company by Index Services. Expenses also include transaction gains and losses on the cash account that is denominated in euro as well as bad debt expense and other fee sharing expenses.

Income Taxes. The company files its own federal and state income tax returns. Deferred income taxes arise from temporary differences between the tax basis and book basis of assets and liabilities. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized. The company accounts for uncertainty in income taxes recognized in its financial statements by using a more-likely-than-not recognition threshold based on technical merits of the tax position taken or expected to be taken. The company classifies interest and penalties related to uncertain tax positions in income tax expense.

3. Regulatory Requirements

The company is subject to the Securities and Exchange Commission's (SEC) Uniform Net Capital Rule, Rule 15c3-1 under the Securities Exchange Act of 1934 (Exchange Act). Rule 15c3-1 requires that the company's net capital be at least the greater of \$5,000 or 6-2/3% of aggregate indebtedness. At December 31, 2010, the company's net capital was \$13,730,417. This amount exceeded the company's minimum net capital requirement at December 31, 2010 of \$746,163 by \$12,984,254. The Company is exempt from Rule 15c3-3 because it does not hold customer funds or securities.

4. Related Party Transactions

The receivable due from Index Services at December 31, 2010 was \$1,741,567, which primarily represented the indemnification of a sales tax liability. The payable due to Dow Jones at December 31, 2010 was \$532,455. The payable due to CME Group Index Holdings, LLC at December 31, 2010 was \$53,814. In 2010, the company made distributions through dividend payments to its parent totaling \$2,951,326. In addition, the company received cash capital contributions of \$2,500,000 and non-cash capital contributions of \$727,719 from its parent.

5. Income Taxes

The income tax provision consisted of the following for the year ended December 31, 2010:

Current:	
Federal	\$ 12,491,501
State	3,422,118
Foreign	<u>23,922</u>
Total	15,937,541
Deferred:	
Federal	(107,240)
State	<u>(30,303)</u>
Total	<u>(137,543)</u>
Total Income Tax Provision	<u>\$ 15,799,998</u>

The principal reason for the difference between the company's effective tax rate and the statutory federal income tax rate is related to state income taxes.

The balance sheet as of December 31, 2010 had a deferred tax asset of \$188,575, which primarily related to the allowance for doubtful accounts, accrued expenses and deferred revenue. At December 31, 2010, there were no valuation allowances recognized.

As of December 31, 2010, the company did not have any unrecognized tax benefits.

6. Other Liabilities

Other liabilities consisted of the following at December 31, 2010:

Income taxes payable	\$ 8,658,835
Sales tax liability	1,230,294
Accounts payable	527,882
Other	<u>189,161</u>
Total	<u>\$ 10,606,172</u>

7. Commitments and Contingencies

The company believes that it has a contingent liability for uncollected sales tax associated with revenues generated prior to 2010 under certain agreements in certain jurisdictions in which the company operates. As a result, the company has recorded a liability for approximately \$1.2 million at December 31, 2010. The company has also recorded a receivable related to the indemnification of this liability by Dow Jones under the terms of the joint venture agreement. The company has recorded a deferred tax asset related to the sales tax liability as it will be deductible for tax purposes when the liability is paid in the future. The company began collecting sales tax in 2010.

8. Subsequent Events

In preparing its financial statements, the company considered subsequent events through February 28, 2011 which was the date the company's financial statements were available to be issued.

Supplemental Information

CME BD Services, Inc.

Schedule I

**Computation of Net Capital Pursuant to Rule 15c3-1 of the
Securities and Exchange Act**

December 31, 2010

Computation of net capital

Total stockholder's equity from statement of financial condition	\$ 33,982,550
Total stockholder's equity qualified for net capital	<u>33,982,550</u>
 Total capital and allowable subordinated liabilities	 33,982,550
Total nonallowable assets from statement of financial condition	<u>20,154,341</u>
Net capital before haircuts on securities positions	13,828,209
 Haircuts on securities (computed, where applicable pursuant to 15c-1(f))	 <u>97,792</u>
Net capital	13,730,417

Computation of basic net capital requirement

Minimum net capital required (6 2/3% of total aggregate indebtedness (A.I.) or \$5,000, whichever is greater)	746,163
Excess net capital	<u><u>\$ 12,984,254</u></u>

Computation of aggregate indebtedness

Total A.I. liabilities from statement of financial condition	
Due to affiliates	586,269
Other liabilities	<u>10,606,172</u>
Total aggregate indebtedness	<u><u>\$ 11,192,441</u></u>

Nonallowable assets from statement of financial condition

Accounts receivable, net of allowance	18,222,351
Due from affiliates	1,741,567
Deferred income taxes	188,575
Other assets	<u>1,848</u>
Total nonallowable assets from statement of financial condition	<u><u>\$ 20,154,341</u></u>

**Reconciliation with company's computation (included in
Part II of Form X-17A-5 as of December 31, 2010)**

Net capital as reported in company's Part II (unaudited)	\$ 14,199,788
Adjustment to due to affiliates	20,530
Adjustment to accounts receivable	<u>(489,901)</u>
Net capital per above	<u><u>\$ 13,730,417</u></u>

CME BD Services, Inc.

Statement Regarding Rule 15c3-3

December 31, 2010

The activities of the company are limited to those prescribed in subparagraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934, which provides exemption from such Rule.

Supplementary Report

Supplementary Report of Independent Registered Public Accounting Firm on
Internal Control Required by SEC Rule 17a-5(g)(1)

The Board of Directors
CME BD Services, Inc.

In planning and performing our audit of the financial statements of CME BD Services, Inc. (the "Company"), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. The study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company including any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Entity

Chicago, Illinois
February 28, 2011